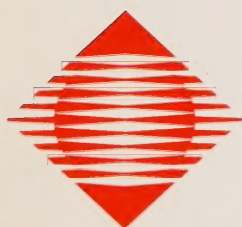


3 1761 11653118 7

VISTA

MARKETING ONTARIO'S EXPERTISE ABROAD

SUMMER
1994CA20N
IT120
-V37*Inside:**Ontario wins in
U.A.E, China**Pacific Rim
Forecast**Giving the right gift*ONTARIO
INTERNATIONAL
CORPORATION*Pacific Rim offers tremendous
opportunity for Ontario business*

Ontario companies eager to tap the potential of the rapidly growing Pacific Rim economies will have the full support of the provincial government, according to Ontario Premier Bob Rae. In a keynote address to the eighth annual Pacific Rim Opportunities Conference in Toronto last month, the Premier outlined the government's efforts to boost Ontario's presence in the region.

"Asia will account for half of the growth in world trade between now and the year 2000," said Mr. Rae. "Canada and Asia have a long history together, and our exporters are building on established relationships. Here in Ontario, we are particularly well placed, because we are a multicultural, international community."

The Premier emphasized the importance of strong personal relationships, noting that he visited Japan and Hong Kong 18 months ago, and is about to embark on a trip to China and Kuala Lumpur.

"I'll be accompanied by a business delegation comprising senior executives from major Ontario companies," he said, "such as Bombardier, Northern Telecom, Ontario Hydro, Ault Foods, Semi-Tech, and TV Ontario."

Mr. Rae said that Minister for International Trade Richard Allen recently returned from a trip to Asia, to report on a multitude of opportunities for Ontario exporters.

"It's clear that business and government leaders in Asia are eager to benefit from our expertise," he said. "We have the expertise to offer, in telecommunications, environmental protection, engineering, manufacturing, construction, and finance. And we're very proud that Ontario businesses are taking their expertise in infrastructure abroad, with ventures such as the Pudong Development Project in China."



Premier Bob Rae urged exporters to take advantage of the fact that Asia will account for half of the growth in world trade before the year 2000.

Mr. Rae outlined a number of government initiatives designed to encourage trade in the Pacific Rim, including MEDT's partnerships with the Ontario branch of the Canadian Exporters Association, the Canada/Thailand Business Association, and the Canada/China Business Council. He also noted OIC's work in helping form competitive consortia of Ontario companies to bid more effectively on large international projects.

The Premier highlighted transportation and telecommunications as two key infrastructure sectors with particular potential for Ontario companies. He also noted the export potential of Ontario's investment in education infrastructure.

"Our educational infrastructure is an enormous investment we've made that we can share with the rest of the world," he said. "Our community colleges offer great potential, and we have to package this expertise and present it to the rest of the world."

Addressing Asian issues critical for Canadian economic restructuring

The shift of the world's economic centre of gravity to the Asia Pacific region is a key force which promises to have profound effects on economic, cultural and political life in Canada. Kenneth S. Courtis, senior economist and strategist at Deutsche Bank Capital Markets (Asia), equates the eastern economic shift to major developments such as the end of the Cold War, mounting global debt, and rapid technological change.

"Asia is becoming younger, is saving, is investing, is at school, and is building for tomorrow," said Professor Courtis, addressing the Pacific Rim Opportunities Conference in Toronto last month. "In 1960, Japan and Asia together represented four per cent of world GNP, while the region represented by NAFTA represented 37 per cent of the world economy. Today, Japan and East Asia constitute some 23-24 per cent of world GNP, about the same size as NAFTA."

The trend is accelerating even further, says Professor Courtis, who also lectures at Keio and Tokyo Universities and the Stockholm School of Economics. He predicts that more than half the growth in the world economy this decade will occur in Asia, so that by the beginning of the century the NAFTA economy will be substantially smaller than Asia Pacific's.

Professor Courtis identifies six critical issues which are now at the top of Asia's new agenda:

- the shift in the world economy to Asia;
- economic prospects for Japan, the region's engine for growth;
- the pace of reform in China, and China's integration into the world economy;
- growing potential for a major upheaval in the global trading system;
- Japan's increased role in Asia, and the relative retreat of corporate America and Europe; and
- regional security.

"Dealing with these issues will require an uncommon exercise of leadership, vision, and will," said Professor Courtis, "both within the region and among the region's principal trading partners. Although it is yet to be widely understood, the stakes at issue for Canada in the region are now such that addressing these



Kenneth Courtis is an advisor to government and international business on policy and strategy for corporate, economic, and financial issues.

issues today is critical to the success of rebuilding the foundations of our own economy."

Mr. Courtis emphasized the huge discrepancy between savings rates in Asia and Europe and North America as a key factor in world economic trends. While the savings rate of the western members of the G-7 has dropped to 7.8 per cent of GNP, most east Asian countries now have savings rates in excess of 30 per cent of GNP.

"This means that funds will be available in Asia to finance growth in the region," he said, "while funds in Europe and North America will be increasingly available on terms set in Asia. It also means that firms operating in Asian markets will be able to tap the enormous pools of local savings in order to enhance their global economic positions."

According to Professor Courtis, the increasing trade which has been Asia's key lever of growth over the past three decades is now at risk. Japan, which has supplied the region with capital and intermediate goods to spark its dynamic trade expansion, has as a result generated huge trade surpluses with countries in the region.

In contrast, the U.S. has played the role of market for Asia, for consumer goods and (increasingly) intermediate goods and capital equipment.

(see page 8)

Asia's key lever of growth over the past three decades is now at risk.

Ontario joint venture starts work on 51 storey Shanghai office tower

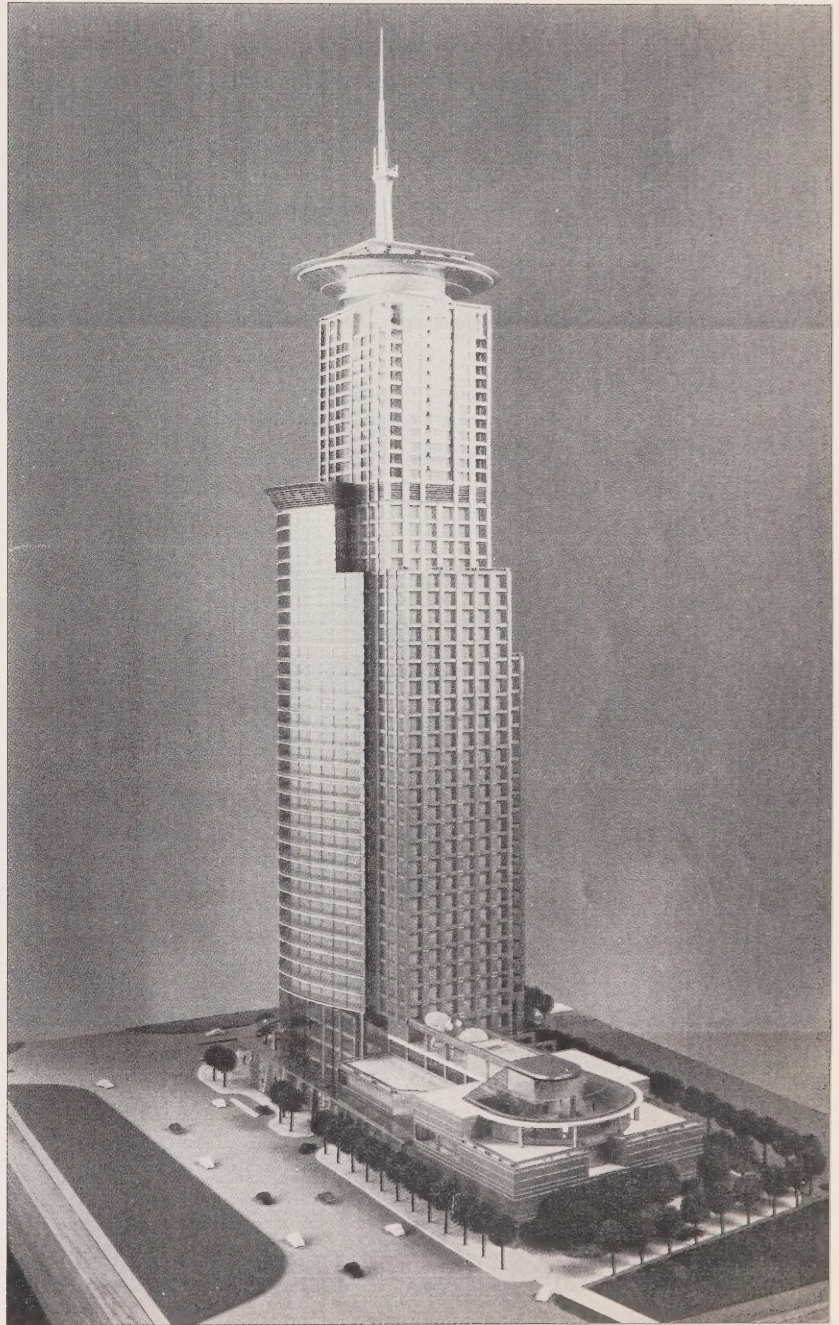
A joint venture of Bennett & Wright International Group and Total Construction Solutions Inc. has signed a contract for the design of a 51-storey office building in the Pudong area of suburban Shanghai. The Toronto companies won an international competition for the structure, which will be the flagship office building for Shanghai International Shipping Corporation.

The joint venture project has a significant Ontario component. Sub-consultants working on the project include JBA/WZMH Architects International, The Mitchell Partnership, Mulvey & Banani International and Yolles Partnership.

"The Ontario International Corporation has been of great assistance to us in our offshore research," says George Meyer, Chief Engineer at Bennett & Wright. "It has offered us invaluable guidance on this project, as with previous ones."

The winning design concept puts the tower, which includes a podium, revolving restaurant, and communications mast, at the north end of the site. The main tower is flanked by a five-storey commercial centre and banking hall podium to the north. A four-storey retail, restaurant, and entertainment complex runs along Pudong Road.

"The configuration of the floors and the revolving restaurant reinforce the nautical symbolism of the command deck of a ship, complete with mast," notes Mr. Meyer. "The architecture emphasizes nautical symbols, to provide an identity and a signature of the International Ocean Shipping Centre to Shanghai and the world."



Minister for International Trade Richard Allen greets Le Gui Ting, Director and General Manager of the Shanghai United Ocean Shipping Development Corporation, who was part of a delegation visiting Ontario last month.

The Shanghai International Shipping Building project has a significant component of Ontario companies. Completion is set for 1997.

Massive infrastructure investment transforms Pacific Rim telecom

"By the end of this century, China plans to have 100 million telephones. Using the latest digital technologies and installing over 12 million telephone lines each year -- that is the equivalent to one entire Canadian network -- China will have one of the most advanced information and telecommunications networks in the world. They will have the infrastructure and ability to use information as their competitive advantage."

The telecommunications market in Asia Pacific offers an unprecedented opportunity for Canadian exporters, as this quote from a speech delivered by Northern Telecom Ltd.'s

Charles Shiu makes abundantly clear. Addressing the eighth annual Pacific Rim Opportunities Conference in Toronto last month, Mr. Shiu outlined both the challenges and opportunities for Ontario's telecom consultants and suppliers.

Mr. Shiu noted the trend toward "convergence" of telecommunications, computers, television and other media to form a new entity: multimedia on demand. Recent corporate mergers in the information technology market have seen the various players joining forces to create a new breed of information company. This trend is well underway in Asia.

"Rupert Murdoch has secured controlling interest in Star-TV, a satellite television network in Hong Kong which broadcasts entertainment from Israel to China and every country in between," said Mr. Shiu. "We will continue to see increasing new opportunities in the involved information industries, as more joint ventures and alliances are established around the world."

Mr. Shiu emphasized that it is not only the

commercial sector which offers huge potential in the Asia Pacific telecom market. Governments throughout the region are deregulating telecommunications bodies and opening local markets.

"Governments in the Asia Pacific region are pragmatic," he said. "They realize that communications are essential for attracting foreign investment, because today's multinationals need high-speed computer and voice links as much early business needed cheap raw materials and low-cost labor."

Mr. Shiu said that the region's governments are turning to investors, operators and suppliers to fund massive telecommunications infrastructure projects. By de-regulating state-owned monopolies and welcoming competitive private networks, governments are creating an impetus for major capital investment.

"All over the world, and especially in the Asia Pacific Region, countries are wiring up fibre-optic and wireless broadband telecommunications networks which will form the backbone of their national information highways," he said. "The telecommunications industry is growing and changing to meet these demands."

Mr. Shiu noted that New Zealand's Clear Telecom and OPTUS of Australia have foreign partnerships to build and operate their telecom companies. In Thailand, the CP Group has joined with Nynex to form TelecomAsia, which is installing a two million line network in Bangkok.

Northern Telecom recently installed Vietnam's first digital exchange, and has been extensively involved in building switching, fibre-optics, and microwave systems for China's telecom network. The company just completed a national data network which will connect government and business information systems throughout China.

"The pace at which governments are changing their telecom industries is staggering," he said. "In 1990, there were only two telecom companies listed on a stock exchange in the region (excluding Japan)," he said. "Today, there are 20 telecom stocks listed."



The region's governments are turning to investors, operators and suppliers to fund infrastructure.

Ontario architects win U.A.E. condominium design competition

The Webb Zerafa Menkes Housden Partnership Architects (WZMH) has won an international design competition for a \$27 million residential development in Abu Dhabi, United Arab Emirates. The Toronto architectural firm has been appointed design architects for the H.E. Hamad Bin Tahnoon Al-Nahiyen condominium project, in joint venture with Architectural & Engineering Consultants (AEC) in Abu Dhabi. WZMH's design, which was selected over submissions from architects in the U.S., Europe, and the Middle East, responds to a spectacular waterfront site on Abu-Dhabi's prestigious Corniche Road.

"Construction is set to begin this summer," says Medhat Abdou, a partner at WZMH. "It's in the final stages of construction documents right now, and will be out for tender in a few weeks."

The Gulf and its history provide inspiration for the building's most distinctive feature, a dramatic top of stainless steel "sails" recalling the *dhow* sailing ships of the region.

"The triangular shape of the three sails on the shore of the Gulf recalls an imagery and geometry that are part of the national heritage of the Emirates," says Mr. Abdou. "The building's north facade of aqua blue/green glass echoes the magnificent color of the Gulf. On the south side, 'space silver' aluminum panels and sky blue glass faces the city."

The 22 storey building has an area of 27 000 square metres and a three level parking garage. Prestigious retail shops are planned for the street level and mezzanine floors, with one hundred luxury residential units from floors two to 19. A single luxury residence will occupy the twentieth floor, with a health club/spa and roof garden on the top floor. A mosque is also incorporated in the development.

"Al Wahba from OIC has been instrumental in helping us since our first business exploration efforts in the Gulf countries in the spring of 1991," says Mr. Abdou.

WZMH is involved in several projects in the Gulf. Teamed with Cansult Group Ltd., the firm is in the final stages of design and contract documents on four office/telecommunication



buildings for Etisilat in the U.A.E., with construction set for this summer.

The Toronto firm has also won other projects in the U.A.E. in joint ventures with local consultants, including the Adgas office building in Das Island, U.A.E. and a large mixed use residential/retail complex in the heart of Abu Dhabi's commercial zone.

A rendering of the H.E. Hamad Bin Tahnoon Al-Nahiyen condominium project in Abu Dhabi, U.A.E.

Changing market demands new strategies, partnerships

"Steadily moving up the chain of contractors on successive projects, securing a larger portion of value-added work."

The growing privatization of infrastructure projects is a global trend that is particularly prevalent in many Pacific Rim countries. Speaking at a Capital Projects/Consulting Services sector briefing at the Pacific Rim Opportunities Conference last month in Toronto, OIC Vice President Jim Wessinger said that the real opportunities lie in new partnerships.

"We're trying to find better ways to help our clients in this changing market," said Mr. Wessinger. "We are still identifying and qualifying international projects in the Pacific Rim, but we are also spending a lot more time talking to financial institutions. We are trying to marry capital with Ontario technical expertise on infrastructure projects."

Joseph Lam, Director & Senior Vice President Systems Engineering at Delcan International Corporation, shared his company's extensive Asia Pacific experience with the seminar. He identified transportation, infrastructure rehabilitation and management, environmental management, and information management as key sectors offering significant opportunity.

Delcan's COMPASS traffic management system has been successful abroad, he said, because foreign customers can see it in operation on Highway 401 in Toronto.

"We can't export what we don't use here," he said, "and we've used the Toronto system as

a demonstration for export sales."

Mr. Lam outlined Delcan's experience on upgrading the traffic management system in congested Taipei, which involved converting the system's software to a Chinese language interface. He noted that Delcan's export strategy includes the goal of steadily moving up the "chain" of sub-contractors and contractors on successive projects, to secure a larger portion of value-added work.

Harry Chan, Vice President of Marketing at The Foundation Company of Canada, presented a detailed international marketing business plan which has application for most service exporters.

"The two main construction market areas we've identified in the Pacific Rim are natural gas infrastructure and civil infrastructure, which includes airports, hydro-electric work, and underground construction," he said.

The Foundation Company uses a set of four major selection criteria before deciding whether to pursue business in a particular country, he said. It considers the country's market potential, its political and economic stability, ease of local operation (i.e. language, business practices) and the degree of market access that can be anticipated.

"Who we know still counts a lot," said Mr. Chan. "For us, alliances with local companies are very important."

Regionalism within globalism

From left:

John MacDonald, Chairman, MacDonald Dettwiler & Associates, Gary Tooker, President and Chief Operating Officer, Motorola Inc., and Julio A. Millan Bojalil, President, Coraza Corporacion Azteca S.A., field questions from the audience at a Pacific Rim Opportunities Conference seminar on "regionalism within globalism." The panel provided a NAFTA framework for Pacific Rim strategies.



Gift-giving protocol made easy

Everything was set. The novice exporter who had closed the deal against all odds arrived in Taipei for the signing ceremony, his suitcase filled with expensive gifts for his new business partners. He proudly presented the beautifully wrapped gifts at a reception after the meeting, and insisted that his Taiwanese associates open them immediately.

At first, they demurred. After repeated requests from their new Canadian partner, they finally gave in, not wishing to offend. The president of the Taiwanese company opened his gift first, examining it carefully. As he turned it over, a "Made in Taiwan" sticker lit up the room.

"Our first international client had a very similar experience, and came to us to ensure that it would never happen again," says Barbara Thompson, a partner in Portfolio Contemporary Art Impressions Inc. "We realized that a lot of business people need expert advice when it comes to selecting appropriate gifts and gift-giving etiquette."

Ms. Thompson and partner Patrice Goldberg started Portfolio in 1988, to sell the work of Canadian artists and artisans to corporate clients who want high-quality gifts and incentives. Portfolio began offering a consulting service for international gift-giving last year, after a call from the red-faced exporter to Taiwan.

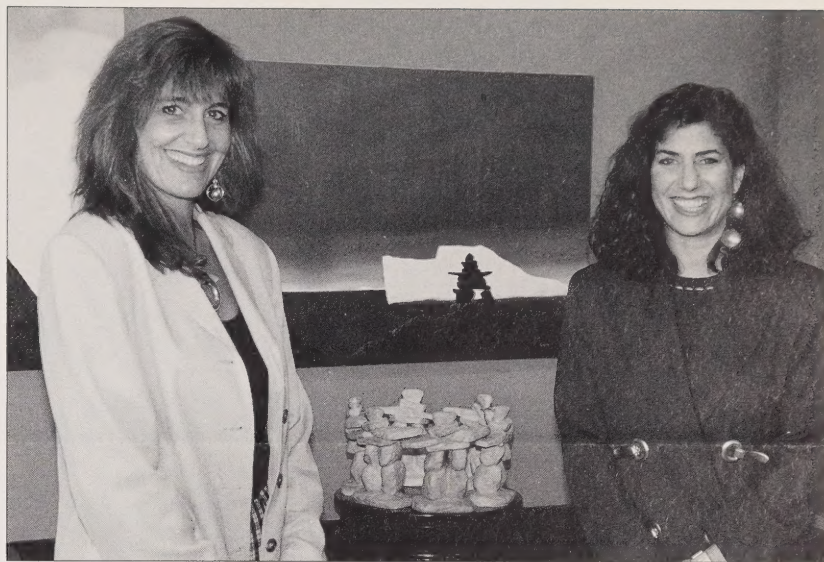
"Presenting them with gifts made in their own country was one mistake," says Ms. Thompson. "The second was insisting that they open the gifts in his presence, which put his new business associates in a very awkward position."

Since all of Portfolio's products are made in Canada by Canadians, the first problem is automatically eliminated. Solving the second and more common problem of being "country correct" required extensive research.

"We realized that a guide to countries' etiquette and gift-giving customs would be very useful for our clients," says Ms. Goldberg. "It took a lot of digging, at libraries, embassies, the Department of External Affairs. We now have information on most international business destinations."

Portfolio's Country Travel Tips includes guide sheets for countries in the Far and Middle East, Europe, Latin America, and regions in the United States. After telling Portfolio where they're going, who they're seeing, and what their budget is, clients receive a copy of *Country Travel Tips* for their destination and a list of appropriate gifts.

"Once the client has made their selection, we provide our usual services of engraving, gift



wrapping, and packaging suitable for travel," says Ms. Thompson. "We also handle customs requirements through our broker."

Portfolio specializes in unique, custom made products using Canadian materials such as Ottawa Valley marble, Quebec jade, nickel ore, and soapstone. The company's range of products includes desk accessories, art (sculpture, prints, carvings), crystal, glass, and ceramics. Clients include Bell Canada, IBM Canada, INCO Limited, Magna International Inc. and Xerox Canada Ltd.

"Gift giving as a part of a business transaction just isn't as common in Canada," says Ms. Thompson, "but in most other countries it's part of relationship building. Selecting the right gift for a foreign customer, a gift that also reflects the image of the Canadian company, is something that has to be considered carefully."

Barbara Thompson (left) and Patrice Goldberg specialize in providing the right Canadian gift for export business partners.

Gift guidelines

Some excerpts from *Portfolio's Country Travel Tips*:

Silver, porcelain, crystal and fine linens make excellent gifts in the Middle East.

Avoid giving anything purple in Mexico and Brazil, since it is associated with funerals.

In Eastern Europe, proper etiquette requires a gift of liquor, wine, flowers or chocolate when visiting a home.

In China, it is proper etiquette for the recipient to refuse, perhaps more than once. Continue until the gift is accepted, and present it using both hands.

For more information on gift-giving protocol, contact Portfolio at (416) 366-7787.

ONTARIO CANADA

Vistas, Volume 4
Number 2

This newsletter is
published each quarter
by the Marketing and
Public Affairs
Branch of the Ministry
of Economic
Development and Trade
for the Ontario
International
Corporation.

Editor: Janet Goldhar
(416) 325-6682
Fax: 325-6688

Ontario International
Corporation

56 Wellesley St. West
7th floor
Toronto, Ontario
Canada
M7A 2E4
Phone: (416) 314-8200
Fax: (416) 314-8222

Printed in Ontario,
Canada on recycled
paper

ISSN 1183-3114

OIS provides instant information to foreign investors

A consortium led by Monenco AGRA Inc. of Oakville, Ontario has won the contract to implement the Ontario Investment Service (OIS). Offering potential investors a one-stop information service about Ontario, the OIS will amalgamate information from several different databases throughout the province.

"Potential investors need up-to-the-minute information about social, economic and environmental conditions that affect their decisions," says Frances Lankin, Minister of Economic Development and Trade. "By providing decision-makers with immediate access to this kind of information, the service will play a key role in strengthening Ontario's economy. I'm delighted that the contract was won by an Ontario-based contractor that is a major competitor in the knowledge-based industries."

Investors will have access to key factors which influence their decisions, in areas such

as infrastructure, education, real estate, government incentive programs, and Ontario's health care system.

The new system from the Monenco AGRA consortium offers portability, timeliness, and a degree of detail. Information will be delivered electronically, and can be accessed at a central presentation centre. Potential investors will also tap into the system through portable lap-top units, and via modem through the telephone network.

"Our vision is to make OIS more than just a resource centre," says Monenco AGRA vice president Cheuk Kwan. "With the advent of the information superhighway, municipalities across Ontario can use OIS to exchange and display information."

The OIS presentation centre and remote lap top service will be up and running by this fall. Later phases of the project will expand the data base and offer customizing capabilities.

Asia forecast (from page 2)

"This pattern of relations will not be sustainable during the years ahead," said Professor Courtis, "for the simple reason that North America is not growing quickly enough."

Faced with reduced North American markets, Asian traders have already begun to turn to the lower-end markets of Europe. Given the current difficulty accessing the Japanese market, Asia's trading success is now at risk.

"To reverse these forces will require the most adroit trade diplomacy," said Professor Courtis. "It is also the key force driving Asia to enhance regional trade, and is central to discussions about an Asian Free Trade Association (AFTA)."

Professor Courtis concluded his remarks with a call for leadership in Canada to confront the challenges this new economic order will bring.

"As a middle player on the world stage, we must move faster than change itself, in order to turn forces of change to our advantage."

Easy access to world markets

World Markets at Your Doorstep, a one-day tabletop trade show and seminar, is scheduled for June 15 in Toronto. Co-organized by the Ontario Ministry of Economic Development and Trade and the federal Department of Foreign Affairs and International Trade, the show will introduce qualified suppliers to selected trading houses.

The show has already been proven successful in Edmonton, Halifax, and Montreal, and will run later in the year in Vancouver. Canadian suppliers attending these shows have already generated an estimated \$25 million in new export sales and ventures.

The Toronto series is expected to attract over 150 trading houses and 225 Ontario suppliers. For more information, contact Ken Campbell at MEDT: tel (416) 325-6659, fax 325-6653.

Correction

Mr. Joseph K. Lam, Director & Senior Vice President Systems Engineering at Delcan International Corporation, was wrongly identified in a photo caption in the previous issue of *Vistas*. We apologize for the error.